

Cox Communications, Inc., June 29-30, 2011
Meetings on Intercarrier Compensation and Universal Service Reform, WCB Docket No. 10-90

INTERCARRIER COMPENSATION

- **Transition to a Unified Rate:** The transition to unified rates (\$0.0007) should be as short as possible without undermining the stability of the transition. Ideally, this transition should take no more than three years. Bill and keep arrangements should be available for traffic in balance.
- **Treatment of VoIP:** The Commission should not treat IP-based and TDM-based traffic differently. From a practical standpoint, both types of traffic are exchanged in TDM and it is impossible to efficiently and accurately distinguish the two for rating purposes. From a policy standpoint, treating VoIP traffic differently will only introduce new opportunities for arbitrage during the transition and increase disputes.
 - Even if the FCC decides to treat VoIP separately in the intercarrier compensation regime, we would like the FCC to clarify that its decision does not retroactively affect intercarrier compensation for traffic exchanged under contracts and tariffs in the past.
 - Despite the Commission's admonitions against interrupting existing intercarrier compensation arrangements while this proceeding is pending, several carriers already have begun engaging in unlawful self-help. The Commission should not exacerbate the problem.
- **Access Replacement Mechanism:** Access replacement must be temporary and limited to carriers with less than ten million lines in aggregate.
 - Access charge recovery must be based on current revenues (not past) and measured against a national benchmark. Recovery must include imputation of all local, SLC, USF/CAF, and EAS revenues.
 - Access replacement funding should be reduced by the amount of any additional or newly-established state access recovery mechanism or state universal service funding received by the carrier.
- **Necessity of Reform:** Without reform, arbitrage and regulatory uncertainty in the face of new technologies will undermine the interconnected network. Further, in reforming intercarrier compensation and eliminating inefficient carrier-to-carrier charges, the FCC must be careful to put a limited replacement fund mechanism in place and not simply create a permanent new subsidy for incumbent carriers under a different mechanism.

UNIVERSAL SERVICE/CONNECT AMERICA FUNDS

- **Cap the High Cost Fund:** Cap the total amount of high-cost support at \$4.5 billion (2010 amount).
- **Phase-Down Legacy Voice High Cost Support**
 - In areas where broadband (4 MB/1MB) is available without subsidy, the FCC should phase out high-cost support over three years for all recipients
 - Areas with only subsidized broadband providers are present, all solutions for reducing support present their own problems, which will require case-by-case tailored solutions from the FCC (*e.g.*, a legacy-voice-subsidy proposed cap or a cap set by cost study for all providers, or reverse auction) in order to discipline draws from the fund.

- **Establish a Competitive Bidding Process for the Connect America Fund:** A competitive bidding process should be used to bring broadband to truly unserved areas that minimizes/eliminates broadband overbuilding and relies on competitive forces. Competitive bidding eliminates the need for a cost study, which can be time-consuming and easily challenged.
 - ILECs should not be granted a right of first refusal allowing ILECs to act as gatekeepers to competition.
 - The FCC should establish minimum obligations for bidders (service and build-out).
 - The FCC should compare bids across the country.
 - This will be an incremental process and will take multiple phases to get to all of the country. The FCC should consider lower speeds and satellite service to make broadband available everywhere.
- **Maintain a Low Contribution Factor:** Broadband funding can begin immediately with the USF monies returned in various merger commitments or the Mobility Fund. Thereafter, phase-downs of legacy subsidies should be added to the Connect America Fund to be used for deploying broadband to unserved areas with an eye to keeping the contribution factor as low as possible.